

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

Ex Parte: Establishing 2020 RPS Proceeding for
Virginia Electric and Power Company

CASE NO. PUR-2020-00134

ORDER FOR NOTICE AND HEARING

During its 2020 Session, the Virginia General Assembly enacted Chapters 1193 (HB 1526) and 1194 (SB 851) of the 2020 Virginia Acts of Assembly. These duplicate Acts of Assembly, known as the Virginia Clean Economy Act ("VCEA"), became effective on July 1, 2020. The VCEA, *inter alia*, establishes mandatory renewable energy portfolio standards ("RPS") for Virginia Electric and Power Company ("Dominion" or "Company") in new § 56-585.5 of the Code of Virginia ("Code"). Subdivision D 4 of Code § 56-585.5 requires Dominion to submit annually to the State Corporation Commission ("Commission") plans and petitions for approval of new solar and onshore wind generation capacity ("RPS Filing"). The Commission must determine whether the RPS Filing is reasonable and prudent, given due consideration to the following factors: (i) the RPS and carbon dioxide reduction requirements in Code § 56-585.5; (ii) the promotion of new renewable generation and energy storage resources within the Commonwealth, and associated economic development; and (iii) fuel savings projected to be achieved by the plan.¹ The Commission's final order regarding any RPS Filing is

¹ Code § 56-585.5 D 4

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required by Code § 56-585.5 D 4 to be entered by the Commission not more than six months after the date of such filing.²

On October 30, 2020, Dominion submitted its RPS Filing to the Commission ("2020 RPS Filing" or "Petition"). The 2020 RPS Filing requests the Commission:

- (i) approve the Company's annual plan for the development of new solar, onshore wind, and energy storage resources ("RPS Development Plan") in connection with the new RPS program ("RPS Program");
- (ii) grant certificates of public convenience and necessity ("CPCNs") and approval to construct and operate three solar generating facilities totaling approximately 82 megawatts ("MW") ("CE-1 Solar Projects") pursuant to Code § 56-580 D and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility ("Generation Rules");³
- (iii) approve a rate adjustment clause ("RAC") to recover the costs of the CE-1 Solar Projects and related distribution and transmission interconnection facilities, designated Rider CE, pursuant to Code § 56-585.1 A 6 ("Subsection A 6") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules");⁴ and
- (iv) make a prudence determination for the Company to enter into six power purchase agreements ("PPAs") for the energy, capacity, ancillary services, and environmental attributes of approximately 416 MW of solar generating facilities owned by third parties pursuant to Code § 56-585.1:4 ("CE-1 Solar PPAs").⁵

² By Order Establishing 2020 RPS Proceedings issued on July 10, 2020 ("RPS Filing Requirements Order"), the Commission docketed this proceeding and directed Dominion to include certain additional information in its 2020 RPS Filing.

³ 20 VAC 5-302-10 *et seq.*

⁴ 20 VAC 5-201-10 *et seq.*

⁵ Code § 56-585.1:4 H permits a utility to seek a prudence determination with respect to certain new renewable facilities or PPAs and requires the Commission to rule on such petition within three months of filing. Because the prudence request in this proceeding is an integral part of the statutorily required RPS Filing as submitted by the Company, the Commission finds that the statutory requirements attendant to RPS Filings governs for purposes of this case. Accordingly, we find that the RPS Filing as a whole, including the prudence request, is subject to the requirement in Code § 56-585.5 that the Commission issue a final order within six months of filing.

RPS Development Plan

The Company states that its RPS Development Plan reports on the Company's progress toward meeting the solar, onshore wind and energy storage development targets outlined in the VCEA and presents the Company's development plan for solar, onshore wind and energy storage facilities through 2035.⁶ Including facilities that are in operation, under construction, or proposed for approval, including the CE-1 Solar Projects and the CE-1 Solar PPAs, the 2020 RPS Filing shows that Dominion has a total of 1,391 MW of solar and onshore wind construction and purchases as of June 30, 2020.⁷ For energy storage, the 2020 RPS Filing shows the Company has 16 MW of energy storage in operation, under construction, or in pre-construction.⁸

The Company's RPS Development Plan calls for additional investment in solar, onshore wind and energy storage in the short and long term. The Company states in furtherance of these plans, it will issue annual requests for proposals ("RFPs") for development proposals and third-party PPAs for new solar and onshore wind projects.⁹ The Company states that it also intends to issue annual RFPs for small-scale solar projects to support development of small-scale solar resources.¹⁰

The Company calculated the projected incremental monthly bill impact associated with the RPS Development Plan and the RPS Program over the next 15 years for residential, small

⁶ Petition at 7.

⁷ 2020 RPS Development Plan at 3.

⁸ *Id.* at 6.

⁹ *Id.* at 5.

¹⁰ *Id.*

general service and large general service customers. The Company projects, for example, that the monthly bill of a residential customer using 1,000 kilowatt hours ("kWh") per month will increase by approximately \$39.02 by 2035 to reflect the incremental impact of the costs of the RPS Development Plan and the RPS Program.¹¹ The Company notes that these bill projections are not final, and all customer rates are subject to regulatory approval.¹²

CE-1 Solar Projects

The Company seeks CPCNs and approval to construct and operate the CE-1 Solar Projects, which consist of three solar generating facilities: (i) the approximately 20 MW (nominal alternating current ("AC")) Grassfield Solar Project located in the City of Chesapeake ("Grassfield"); (ii) the approximately 20 MW (AC) Norge Solar Project located in James City County ("Norge"); and (iii) the approximately 42 MW (AC) Sycamore Solar Project located in Pittsylvania County ("Sycamore").¹³ According to the Company, the total estimated costs for the CE-1 Solar Projects are approximately \$168.2 million, excluding financing costs, or approximately \$2,051 per kilowatt at the total 82 MW (nominal AC) rating.¹⁴ The Company asserts that the CE-1 Solar Projects are needed to comply with the VCEA, to serve customers' capacity and energy needs, and to comply with carbon regulations.¹⁵

¹¹ *Id.* at 7-8.

¹² *Id.* at 7.

¹³ Petition at 8.

¹⁴ Direct Testimony of Emil Avram at 18.

¹⁵ Petition at 8-9.

The Company states it selected the CE-1 Solar Projects from a 2019 RFP ("2019 Solar-Wind RFP") for additional utility-scale solar and onshore wind generating facilities in Virginia.¹⁶ As proposed, the CE-1 Solar Projects would be composed of ground-mounted, single-axis tracking solar panel arrays with an expected operating life of 35 years.¹⁷ The Company states Grassfield is expected to be in-service by December 2021, and Norge and Sycamore are expected to be in-service by late 2022.¹⁸

Rider CE

In this proceeding, Dominion asks the Commission to approve Rider CE for the initial rate year beginning June 1, 2021, and ending May 31, 2022 ("Rate Year").¹⁹ Pursuant to Subsection A 6, the Company seeks approval for its accrual of allowance for funds used during construction ("AFUDC") of the CE-1 Solar Projects, and to recover the costs of the CE-1 Solar Projects and the related distribution and transmission facilities through proposed Rider CE.²⁰ The costs of the CE-1 Solar PPAs will not be recovered through Rider CE.²¹

Pursuant to Code § 56-585.5 F, the Company proposes Rider CE to be applicable to all of the Company's Virginia retail customers as a non-bypassable charge, irrespective of whether a customer purchases electric supply service from a competitive service provider ("CSP"), subject

¹⁶ *Id.* at 9.

¹⁷ *Id.* at 9.

¹⁸ *Id.*

¹⁹ *Id.* at 11.

²⁰ *Id.*

²¹ *Id.*; Direct Testimony of Elizabeth B. Lecky at 9.

to two exceptions.²² The Company proposes to exempt a customer meeting the accelerated renewable energy buyer requirements pursuant to Code § 56-585.5 G and any customer with a peak demand in calendar year 2019 that exceeded 100 MW and that elected to purchase electric supply service from a CSP prior to April 1, 2019, pursuant to Code § 56-577 A 3.²³

The three components of the proposed total revenue requirement for the Rate Year are the Projected Cost Recovery Factor, the AFUDC Cost Recovery Factor and the Actual Cost True-Up Factor.²⁴ Because the Grassfield solar project is projected to commence commercial operations during the Rate Year, the revenue requirement for the Rate Year includes separate pre- and post-commercial operations date ("COD") amounts for Grassfield.²⁵ The annualized Projected Cost Recovery Factor revenue requirement totals \$8,109,000 and \$8,478,000 for the pre- and post-COD periods, respectively.²⁶ The Company's proposed annualized AFUDC Cost Recovery Factor revenue requirement for the pre- and post-COD periods are approximately \$3,220,000 and \$1,557,000, respectively.²⁷ Thus, the total annualized revenue requirement requested for recovery during the pre-COD period of \$11,329,000, and the total annualized revenue requirement requested for recovery during the post-COD period of \$10,035,000 will produce approximately \$4,721,000 and \$5,854,000 in pre- and post-COD revenues, respectively.²⁸

²² Direct Testimony of George G. Beasley at Schedule 2.

²³ *Id.*

²⁴ Petition at 11. Although no Actual Cost True-Up Factor is included in this proceeding, when initiated as anticipated, the Actual Cost True-Up Factor will either credit to, or recover from, customers any over/under recovery of costs from the most recently completed calendar year. *Id.* at 12.

²⁵ Direct Testimony of Elizabeth B. Lecky at 5.

²⁶ *Id.* at 6, 10.

²⁷ *Id.* at 8, 11.

²⁸ *Id.* at 11.

Therefore, the Company is requesting a total revenue requirement of \$10,575,000 in Rider CE for service rendered during the Rate Year.²⁹

For purposes of calculating the revenue requirement in this case, Dominion utilized a rate of return on common equity ("ROE") of 9.2%. This ROE is the ROE approved by the Commission in PUR-2019-00050.³⁰

If the proposed Rider CE for the Rate Year is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its proposed Rider CE on June 1, 2021, would increase the bill of a residential customer using 1,000 kWh per month by approximately \$0.19.³¹

CE-1 Solar PPAs Prudence Determination

In its 2020 RPS Filing, Dominion also seeks a prudence determination from the Commission with respect to six CE-1 Solar PPAs pursuant to Code § 56-585.1:4 H. The six CE-1 Solar PPAs consist of: (i) the approximately 20 MW (AC) Watlington Solar Project located in Halifax County; (ii) the approximately 20 MW (AC) Pleasant Hill Solar Project located in the City of Suffolk; (iii) the approximately 118 MW (AC) Chesapeake Solar Project located in the City of Chesapeake; (iv) the approximately 75 MW (AC) Wythe County Solar Project located in Wythe County; (v) the approximately 170 MW (AC) Cavalier Solar Project located in Isle of

²⁹ Petition at 12; Direct Testimony of Elizabeth B. Lecky at 11.

³⁰ Direct Testimony of Elizabeth B. Lecky at 3. *See Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity pursuant to § 56-585.1:1 C of the Code of Virginia*, Case No. PUR-2019-00050, 2019 S.C.C. Ann. Rept. 400, Final Order (Nov. 21, 2019).

³¹ Petition at 12; Direct Testimony of George G. Beasley at 7.

Wight County and Surry County; and (vi) the approximately 12.5 MW (AC) Rivanna Solar Project located in Albemarle County.³²

Dominion asserts that the CE-1 Solar PPAs are needed to comply with the VCEA, to serve customers' capacity and energy needs, and to comply with carbon regulations.³³ According to the 2020 RPS Filing, the Company selected the CE-1 Solar PPAs from the same 2019 Solar-Wind RFP from which it also identified the CE-1 Solar Projects.³⁴

The 2020 RPS Filing states that the CE-1 Solar PPAs have a positive customer net present value when compared to market purchases.³⁵ The Company further states that it allocates PPA costs between energy, capacity, and renewable energy certificates ("RECs") based on their forward value at the time the PPA is executed.³⁶ The Company states that the costs allocated to energy will be recovered through the fuel factor, the costs allocated to capacity will be recovered through base rates, and the costs allocated to RECs will be recovered through a separate RPS Program RAC.³⁷ The allocation factors applicable to the CE-1 Solar PPAs are 71.9% to energy, 12.9% to capacity, and 15.2% to RECs.³⁸

³² Petition at 13.

³³ *Id.*

³⁴ *Id.*

³⁵ Direct Testimony of C. Eric McMillan at 10.

³⁶ *Id.* at 11.

³⁷ *Id.*

³⁸ *Id.*

Waiver Requests

In the 2020 RPS Filing, Dominion requests a waiver of Rules 20 VAC 5-201-60 ("Rule 60") and 20 VAC 5-201-90 ("Rule 90") of the Commission's Rate Case Rules with respect to Schedule 45.³⁹ Rule 60 of the Rate Case Rules requires that an application filed pursuant to Code § 56-585.1 A 6 include Schedule 45, "Return on Equity Peer Group Benchmark," with the utility's direct testimony. Rule 90 of the Rate Case Rules states that Schedule 45 must include, "documentation supporting the return on equity benchmark proposed pursuant to § 56-585.1 A 2 a and b of the Code" In support of its request for waiver of Schedule 45, Dominion states that an ROE determination is not to be made in this proceeding.⁴⁰ Accordingly, the Company asserts that good cause has been shown to grant the requested waiver.⁴¹

Dominion also requests that the Commission waive, in part, the requirements under Rule 60 and Rule 90 of the Rate Case Rules with respect to Schedule 46. Rule 60 requires that an application filed pursuant to Code § 56-585.1 A 6 include Schedule 46, "Projected Rate Adjustment Clause Pursuant to § 56-585.1 A 4, A 5 b, c and d or A 6 of the Code of Virginia," with the utility's direct testimony. Rule 90 states that the Company must "provide all documents, contracts, studies, investigations or correspondence that support projected costs proposed to be recovered via a rate adjustment clause." According to Dominion, the supporting documentation responsive to this request is voluminous and therefore the Company proposes to provide the documentation in electronic format only.⁴²

³⁹ Petition at 16.

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.* at 16-17.

Dominion also requests waiver of certain provisions of the Commission's Generation Rules and Rate Case Rules as to certain filing requirements. Dominion requests a waiver of 20 VAC 5-302-25(4) of the Generation Rules that requires filing copies of the Company's most recent Securities and Exchange Commission Form 10-K, which the Company states is a voluminous document that is readily available in electronic form on the Company's website.⁴³

The Company also requests limited waiver of the Rate Case Rules and Generation Rules that pertain to fuel requirements.⁴⁴ In support of the requested waiver, Dominion asserts that the fuel source for the CE-1 Solar Projects is the sun, and therefore the fuel requirements set forth in the Rate Case Rules and Generation Rules are not applicable.⁴⁵

The Company further requests limited waiver of 20 VAC 5-302-25(6)(b) of the Generation Rules as to the depiction on a topographic map of the proposed site for the CE-1 Solar Projects, as topographic maps are not available for the proposed sites for the CE-1 Solar Projects to the extent topographic notations are required.⁴⁶ Instead, the Company states it has included an aerial view and a site location map for each CE-1 Solar Project.⁴⁷

With respect to the Department of Environmental Quality ("DEQ") Supplements filed with the 2020 RPS Filing, the Company requests a waiver, in part, of 20 VAC 5-302-25(11) of

⁴³ *Id.*

⁴⁴ *Id.* at 18.

⁴⁵ *Id.* Specifically, the Company requests waiver of: Rules 60 and 90 of the Rate Case Rules with respect to Filing Schedule 46(b) and (f), and 20 VAC 5-302-25(8), 20 VAC 5-302-35(2) and 20 VAC 5-302-35(6) of the Generation Rules.

⁴⁶ Petition at 18.

⁴⁷ *Id.*

the Generation Rules to file paper copies of certain materials.⁴⁸ The Company states that 20 VAC 5-302-25(11) sets forth information to be provided to the DEQ for coordination and review by state agencies responsible for environmental and natural resource protection.⁴⁹ In lieu of paper copies, the Company proposes to provide this documentation to DEQ, Commission Staff ("Staff"), and any other future case participant in electronic format only.⁵⁰

The Company also requests a limited waiver of one of the requirements of the RPS Filing Requirements Order with respect to filing paper copies of certain materials.⁵¹ Specifically, the Company states that certain supporting calculations required by the RPS Filing Requirements Order are not easily reviewed in hard copy format, and the Company requests to provide that documentation to Staff and other future case participants in electronic format only.⁵²

Environmental Review

As provided by Code § 62.1-44.15:21 D 2, the Commission and the State Water Control Board ("Board") must consult on wetland impacts prior to the siting of electric utility facilities that require a CPCN. As provided by Section 3 of the Department of Environmental Quality – State Corporation Commission Memorandum of Agreement Regarding Consultation on Wetland Impacts, Staff has advised DEQ, acting on behalf of the Board, that Dominion filed the 2020 RPS Filing and that the Board's consultation is required.⁵³

⁴⁸ *Id.* at 18-19.

⁴⁹ *Id.* at 19.

⁵⁰ *Id.*

⁵¹ *Id.* at 19-20.

⁵² *Id.* at 20.

⁵³ Letter from K. Beth Clowers, Esquire, State Corporation Commission, dated November 4, 2020, to David L. Davis, Department of Environmental Quality, filed in Case No. PUR-2020-00134.

In addition to the consultation on wetlands, Code §§ 10.1-1186.2:1 B and 56-46.1 G direct the Commission and the DEQ to coordinate the environmental review of proposed generating plants and associated facilities. Additionally, Code § 56-46.1 A provides for the Commission to receive and to consider reports on the proposed facilities from state environmental agencies. Accordingly, Staff has requested the DEQ to coordinate an environmental review of the proposed CE-1 Solar Projects by the appropriate agencies and to provide a report on the review.⁵⁴

Motion for Protective Order

Finally, in conjunction with the filing of its 2020 RPS Filing, on October 30, 2020, the Company filed the Motion of Virginia Electric and Power Company for Entry of a Protective Order and Additional Protective Treatment ("Motion for Protective Ruling") and a proposed protective order that establishes procedures governing the use of confidential and extraordinarily sensitive information in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; Dominion should provide public notice of its 2020 RPS Filing; a hearing should be scheduled for the purpose of receiving testimony and evidence on the 2020 RPS Filing; interested persons should have an opportunity to file comments on the 2020 RPS Filing or to participate as respondents in this proceeding; and the Staff should be directed to investigate the 2020 RPS Filing and file testimony and exhibits containing its findings and recommendations thereon.

⁵⁴ Letter from K. Beth Clowers, Esquire, State Corporation Commission, dated November 4, 2020, to Bettina Rayfield, Department of Environmental Quality, filed in Case No. PUR-2020-00134.

With respect to the Company's waiver requests, we find as follows. We grant Dominion's request to waive, in part, the filing of Schedules 45 and 46 for purposes of commencing this proceeding. Further, we grant the Company's request for waiver of the following Generation Rules for purposes of commencing this proceeding: (i) 20 VAC 5-302-25(4) as to filing copies of the Company's Securities and Exchange Commission Form 10-K; (ii) 20 VAC 5-302-25(8), 20 VAC 5-302-35(2) and 20 VAC 5-302-35(6) as to fuel requirements; (iii) 20 VAC 5-302-25(6)(b) as to providing a topographic map of each solar site; and (iv) 20 VAC 5-302-25(11) with respect to paper copies of certain materials supporting the DEQ Supplement. Finally, we grant the Company's request for waiver from the requirement to file paper copies of certain supporting calculations required by the RPS Filing Requirements Order.

However, we stress that by granting these aforementioned waiver requests at this stage of the proceeding, we are not ruling on the relevance, if any, that the information required by these rules may have in this or any future proceeding.⁵⁵

The Commission takes judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels.⁵⁶ The Commission has taken certain actions, and may take additional actions going forward, which could impact the procedures in this proceeding.⁵⁷

⁵⁵ Approval of this limited waiver does not prohibit the issue from being revisited, if warranted.

⁵⁶ See, e.g., Executive Order No. 51, Declaration of a State of Emergency Due to Novel Coronavirus, COVID-19, issued March 12, 2020, by Gov. Ralph S. Northam. See also Executive Order No. 53, Temporary Restrictions on Restaurants, Recreational, Entertainment, Gatherings, Non-Essential Retail Businesses, and Closure of K-12 Schools Due to Novel Coronavirus (COVID-19), issued March 23, 2020, by Governor Ralph S. Northam, and Executive Order No. 55, Temporary Stay At Home Order Due to Novel Coronavirus (COVID-19), issued March 30, 2020, by Governor Ralph S. Northam. These and subsequent Executive Orders related to COVID-19 may be found at: <https://www.governor.virginia.gov/executive-actions/>.

⁵⁷ See, e.g., *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020), *extended by* Doc. Con. Cen. No. 200520105, Order Regarding the

Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and pleadings unless they contain confidential information, and require electronic service on parties to this proceeding.

For clarification, we note that the proposed Rider CE, if approved, would result in an increase to customer bills. We realize that the current COVID-19 public health crisis has caused devastating economic effects that impact all utility customers. We have responded to this economic emergency by, among other actions, suspending for approximately six months customer disconnections from utility service and directing Virginia utilities to offer extended payment plans, without late fees for those who are current on such plans, to protect customers from service disconnection. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must and will follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record.

Accordingly, IT IS ORDERED THAT:

(1) All pleadings in this matter should be submitted electronically to the extent authorized by Rule 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").⁵⁸ Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential*

State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020), extended by Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic service among parties during COVID-19 emergency*, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

⁵⁸ 5 VAC 5-20-10 *et seq.*

information, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.⁵⁹

(2) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(3) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to rule on any discovery matters that may arise during the course of this proceeding, including the Motion for Protective Ruling.

(4) The Company's request for waiver of the requirements of Rule 60 and Rule 90 of the Rate Case Rules for filing Schedules 45 and 46 is granted as set forth in this Order for Notice and Hearing. The Company's request for limited waiver of the following Generation Rules is also granted for purposes of commencing this proceeding: (i) 20 VAC 5-302-25(4) as to filing copies of the Company's Securities Exchange Commission Form 10-K; (ii) 20 VAC 5-302-25(8), 20 VAC 5-302-35(2) and 20 VAC 5-302-35(6) as to fuel requirements; (iii) 20 VAC 5-302-

⁵⁹ As noted in the Commission's March 19, 2020 Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency in Case No. CLK-2020-00005, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may not be processed for an indefinite period of time due to the COVID-19 emergency. *See* n.57, *supra*.

25(6)(b) as to providing a topographic map of the solar sites; and (iv) 20 VAC 5-302-25(11) with respect to paper copies of certain materials supporting the DEQ Supplement. The Company's request for waiver from the requirement to file paper copies of certain supporting calculations required by the RPS Filing Requirements Order is also granted.

(5) Due to the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, the Commission hereby schedules a telephonic hearing for the receipt of testimony from public witnesses on the Company's 2020 RPS Filing, as follows:

- (a) A hearing for the receipt of testimony from public witnesses on the Company's 2020 RPS Filing shall be convened telephonically at 10 a.m. on February 12, 2021, with no witness present in the Commission's courtroom.⁶⁰
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before February 10, 2021, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.
- (d) Beginning at 10 a.m. on February 12, 2021, the Commission will telephone sequentially each person who has signed up to testify as provided above. This hearing will not be convened, and the parties will be notified of such, if no person signs up to testify as a public witness.
- (e) This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(6) On February 12, 2021, if time permits following the receipt of public witness testimony, or at 10 a.m. if there are no public witnesses, the Commission, via Microsoft Teams

⁶⁰ The Commission will convene counsel of record in this proceeding to attend the public witness hearing virtually.

with no party present in the Commission's courtroom, will receive opening statements from case participants and will receive uncontested exhibits into evidence.

(7) A public evidentiary hearing shall be convened at 10 a.m. on February 17, 2021, and shall be held remotely, with no party present in the Commission's courtroom. Specifically, the Commission will convene the evidentiary hearing via Microsoft Teams, to receive opening statements in the event that, due to time constraints, opening statements were not received on February 12, 2021, as well as the testimony and evidence offered by the Company, respondents, and the Staff on the Company's 2020 RPS Filing. The evidentiary hearing will be webcast at scc.virginia.gov/pages/Webcasting. Further details on the hearing may be provided by subsequent Commission Order.

(8) An electronic copy of the Company's 2020 RPS Filing may be obtained by submitting a written request to counsel for the Company, Sarah R. Bennett, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, or SBennett@mcguirewoods.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(9) On or before December 11, 2020, the Company shall cause the following notice and sketch map showing the locations of the proposed facilities (Attachment 1 to this Order) to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory within Virginia:

NOTICE TO THE PUBLIC OF 2020 RENEWABLE
PORTFOLIO STANDARD (RPS) FILING BY
VIRGINIA ELECTRIC AND POWER COMPANY
D/B/A DOMINION ENERGY VIRGINIA
CASE NO. PUR-2020-00134

- Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") has submitted its 2020 Renewable Portfolio Standard ("RPS") Filing. The Filing includes Dominion's RPS Development Plan and requests for approval to construct new solar facilities and to enter into new solar power purchase agreements.
- Dominion requests approval of Rider CE with a revenue requirement of \$10,575,000 over the 2021 rate year. According to Dominion, this amount would increase a typical residential customer's bill using 1,000 kilowatt hours per month by \$0.19.
- Due to the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, the State Corporation Commission will hold a telephonic hearing in this case on February 12, 2021, for the receipt of public witness testimony.
- An evidentiary hearing will be held remotely on February 17, 2021, via Microsoft Teams, for the receipt of evidence of Dominion, respondents and Commission Staff.
- Further information about this case is available on the SCC website at: scc.virginia.gov/pages/Case-Information.

During its 2020 Session, the Virginia General Assembly enacted Chapters 1193 (HB 1526) and 1194 (SB 851) of the 2020 Virginia Acts of Assembly. These duplicate Acts of Assembly, known as the Virginia Clean Economy Act ("VCEA"), became effective on July 1, 2020. The VCEA, inter alia, establishes mandatory renewable energy portfolio standards ("RPS") for Virginia Electric and Power Company ("Dominion" or "Company") in new § 56-585.5 of the Code of Virginia ("Code"). Subdivision D 4 of Code § 56-585.5 requires Dominion to submit annually to the State Corporation Commission ("Commission") plans and petitions for approval of new solar and onshore wind

generation capacity ("RPS Filing"). The Commission must determine whether the RPS Filing is reasonable and prudent, given due consideration to the following factors: (i) the RPS and carbon dioxide reduction requirements in Code § 56-585.5; (ii) the promotion of new renewable generation and energy storage resources within the Commonwealth, and associated economic development, and (iii) fuel savings projected to be achieved by the plan. The Commission's final order regarding any RPS Filing is required by Code § 56-585.5 D 4 to be entered by the Commission not more than six months after the date of such filing.

On October 30, 2020, Dominion submitted its RPS Filing to the Commission ("2020 RPS Filing" or "Petition"). The 2020 RPS Filing requests the Commission:

(i) approve the Company's annual plan for the development of new solar, onshore wind, and energy storage resources ("RPS Development Plan") in connection with the new RPS program ("RPS Program");

(ii) grant certificates of public convenience and necessity ("CPCNs") and approval to construct and operate three solar generating facilities totaling approximately 82 megawatts ("MW") ("CE-1 Solar Projects") pursuant to Code § 56-580 D and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility;

(iii) approve a rate adjustment clause ("RAC") to recover the costs of the CE-1 Solar Projects and related distribution and transmission interconnection facilities, designated Rider CE, pursuant to Code § 56-585.1 A 6 ("Subsection A 6") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings; and

(iv) make a prudence determination for the Company to enter into six power purchase agreements ("PPAs") for the energy, capacity, ancillary services, and environmental attributes of approximately 416 MW of solar generating facilities owned by third parties pursuant to Code § 56-585.1:4 ("CE-1 Solar PPAs").

RPS Development Plan

The Company states that its RPS Development Plan reports on the Company's progress toward meeting the solar, onshore wind and energy storage development targets outlined in the VCEA and presents the Company's development plan for solar, onshore wind and energy storage facilities through 2035. Including facilities that are in operation, under construction, or proposed for approval, including the CE-1 Solar Projects and the CE-1 Solar PPAs, the 2020 RPS Filing shows that Dominion has a total of 1,391 MW of solar and onshore wind construction and purchases as of June 30, 2020. For energy storage, the 2020 RPS Filing shows the Company has 16 MW of energy storage in operation, under construction, or in pre-construction.

The Company's RPS Development Plan calls for additional investment in solar, onshore wind and energy storage in the short and long term. The Company states in furtherance of these plans, it will issue annual requests for proposals ("RFPs") for development proposals and third party PPAs for new solar and onshore wind projects. The Company states that it also intends to issue annual RFPs for small-scale solar projects to support development of small-scale solar resources.

The Company calculated the projected incremental monthly bill impact associated with the RPS Development Plan and the RPS Program over the next 15 years for residential, small general service and large general service customers. The Company projects, for example, that the monthly bill of a residential customer using 1,000 kilowatt hours ("kWh") per month will increase by approximately \$39.02 by 2035 to reflect the incremental impact of the costs of the RPS Development Plan and the RPS Program. The Company notes that these bill projections are not final, and all customer rates are subject to regulatory approval.

CE-1 Solar Projects

The Company seeks CPCNs and approval to construct and operate the CE-1 Solar Projects, which consist of three solar generating facilities: (i) the approximately 20 MW (nominal alternating current ("AC")) Grassfield Solar Project located in the City of Chesapeake ("Grassfield"); (ii) the approximately 20 MW (AC) Norge Solar Project located in James City County ("Norge"); and (iii) the approximately 42 MW (AC) Sycamore Solar Project located in Pittsylvania County ("Sycamore"). According to the

Company, the total estimated costs for the CE-1 Solar Projects are approximately \$168.2 million, excluding financing costs, or approximately \$2,051 per kilowatt at the total 82 MW (nominal AC) rating. The Company asserts that the CE-1 Solar Projects are needed to comply with the VCEA, to serve customers' capacity and energy needs, and to comply with carbon regulations.

The Company states it selected the CE-1 Solar Projects from a 2019 RFP ("2019 Solar-Wind RFP") for additional utility-scale solar and onshore wind generating facilities in Virginia. As proposed, the CE-1 Solar Projects would be composed of ground-mounted, single-axis tracking solar panel arrays with an expected operating life of 35 years. The Company states Grassfield is expected to be in-service by December 2021, and Norge and Sycamore are expected to be in-service by late 2022.

Rider CE

In this proceeding, Dominion asks the Commission to approve Rider CE for the initial rate year beginning June 1, 2021, and ending May 31, 2022 ("Rate Year"). Pursuant to Subsection A 6, the Company seeks approval for its accrual of allowance for funds used during construction ("AFUDC") of the CE-1 Solar Projects, and to recover the costs of the CE-1 Solar Projects and the related distribution and transmission facilities through proposed Rider CE. The costs of the CE-1 Solar PPAs will not be recovered through Rider CE.

Pursuant to Code § 56-585.5 F, the Company proposes Rider CE to be applicable to all of the Company's Virginia retail customers as a non-bypassable charge, irrespective of whether a customer purchases electric supply service from a competitive service provider ("CSP"), subject to two exceptions. The Company proposes to exempt a customer meeting the accelerated renewable energy buyer requirements pursuant to Code § 56-585.5 G and any customer with a peak demand in calendar year 2019 that exceeded 100 MW and that elected to purchase electric supply service from a CSP prior to April 1, 2019, pursuant to Code § 56-577 A 3.

The three components of the proposed total revenue requirement for the Rate Year are the Projected Cost Recovery Factor, the AFUDC Cost Recovery Factor and the Actual Cost True-Up Factor. Because the Grassfield solar project is projected to commence commercial operations during the Rate Year, the revenue requirement for the Rate Year includes separate pre- and

post-commercial operations date ("COD") amounts for Grassfield. The annualized Projected Cost Recovery Factor revenue requirement totals \$8,109,000 and \$8,478,000 for the pre- and post-COD periods, respectively. The Company's proposed annualized AFUDC Cost Recovery Factor revenue requirement for the pre- and post-COD periods are approximately \$3,220,000 and \$1,557,000, respectively. Thus, the total annualized revenue requirement requested for recovery during the pre-COD period of \$11,329,000, and the total annualized revenue requirement requested for recovery during the post-COD period of \$10,035,000 will produce approximately \$4,721,000 and \$5,854,000 in pre- and post-COD revenues, respectively. Therefore, the Company is requesting a total revenue requirement of \$10,575,000 in Rider CE for service rendered during the Rate Year.

For purposes of calculating the revenue requirement in this case, Dominion utilized a rate of return on common equity ("ROE") of 9.2%. This ROE is the ROE approved by the Commission in PUR-2019-00050.

If the proposed Rider CE for the Rate Year is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its proposed Rider CE on June 1, 2021, would increase the bill of a residential customer using 1,000 kWh per month by approximately \$0.19.

CE-1 Solar PPAs Prudence Determination

In its 2020 RPS Filing, Dominion also seeks a prudence determination from the Commission with respect to six CE-1 Solar PPAs pursuant to Code § 56-585.1:4 H. The six CE-1 Solar PPAs consist of: (i) the approximately 20 MW (AC) Watlington Solar Project located in Halifax County; (ii) the approximately 20 MW (AC) Pleasant Hill Solar Project located in the City of Suffolk; (iii) the approximately 118 MW (AC) Chesapeake Solar Project located in the City of Chesapeake; (iv) the approximately 75 MW (AC) Wythe County Solar Project located in Wythe County; (v) the approximately 170 MW (AC) Cavalier Solar Project located in Isle of Wight County and Surry County; and (vi) the approximately 12.5 MW (AC) Rivanna Solar Project located in Albemarle County.

Dominion asserts that the CE-1 Solar PPAs are needed to comply with the VCEA, to serve customers' capacity and energy needs, and to comply with carbon regulations. According to the

2020 RPS Filing, the Company selected the CE-1 Solar PPAs from the same 2019 Solar-Wind RFP from which it also identified the CE-1 Solar Projects.

The 2020 RPS Filing states that the CE-1 Solar PPAs have a positive customer net present value when compared to market purchases. The Company further states that it allocates PPA costs between energy, capacity, and renewable energy certificates ("RECs") based on their forward value at the time the PPA is executed. The Company states that the costs allocated to energy will be recovered through the fuel factor, the costs allocated to capacity will be recovered through base rates, and the costs allocated to RECs will be recovered through a separate RPS Program RAC. The allocation factors applicable to the CE-1 Solar PPAs are 71.9% to energy, 12.9% to capacity, and 15.2% to RECs.

Interested persons are encouraged to review the Petition and supporting documents for the details of these and other proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Petition and supporting documents and thus may adopt rates that differ from those appearing in the Company's Petition and supporting documents.

The Commission entered an Order for Notice and Hearing in this proceeding that, among other things, scheduled public hearings on Dominion's 2020 RPS Filing. On February 12, 2021, at 10 a.m., the Commission will hold a telephonic hearing, with no witness present in the Commission's courtroom, for the purpose of receiving the testimony of public witnesses. On February 10, 2021, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

A public evidentiary hearing shall be convened at 10 a.m. on February 17, 2021, and shall be held remotely with no party present in the Commission's courtroom to receive the testimony and evidence offered by the Company, respondents, and the Staff on the Company's 2020 RPS Filing. Please see the Commission's Order for Notice and Hearing for further details on the evidentiary hearing.

The Commission has taken judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Hearing for further instructions concerning Confidential or Extraordinarily Sensitive Information.

An electronic copy of the Company's 2020 RPS Filing may be obtained by submitting a written request to counsel for the Company, Sarah R. Bennett, Esquire, McGuire Woods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, or SBennett@mcguirewoods.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before February 12, 2021, any interested person may file comments on the 2020 RPS Filing by following the instructions found on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. All comments shall refer to Case No. PUR-2020-00134.

On or before December 18, 2020, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2020-00134.

On or before January 4, 2021, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2020-00134.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Company's 2020 RPS Filing, the Commission's Rules of Practice and the Commission's Order for Notice and Hearing may be viewed at: scc.virginia.gov/pages/Case-Information.

: VIRGINIA ELECTRIC AND POWER COMPANY ;
d/b/a DOMINION ENERGY VIRGINIA

(10) On or before December 11, 2020, the Company shall serve a copy of this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of

Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.⁶¹

(11) On or before December 18, 2020, the Company shall file proof of the notice and service required by Ordering Paragraphs (9) and (10) above, including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, or by filing electronically at scc.virginia.gov/clk/efiling/.

(12) On or before February 12, 2021, any interested person may file comments on the 2020 RPS Filing by following the instructions found on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. All comments shall refer to Case No. PUR-2020-00134.

(13) On or before December 18, 2020, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the

⁶¹ In addition to the Commission's April 1, 2020 Order in Case No. CLK-2020-00007 (*see n.57, supra*), *see also* *Petition of Virginia Electric and Power Company, For a continuing waiver of 20 VAC 5-201-10 J of the Rules Governing Utility Rate Applications and Annual Informational Filings to permit electronic service to local officials upon request*, Case No. PUE-2016-00039, Doc. Con. Cen. No. 160420194, Order (Apr. 19, 2016).

factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2020-00134.

(14) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve a copy of the public version of the 2020 RPS Filing on the respondent.

(15) On or before January 4, 2021, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified herein, including, but not limited to: 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2020-00134.

(16) On or before January 14, 2021, the Staff shall investigate the 2020 RPS Filing and file with the Clerk of the Commission its testimony and exhibits concerning the 2020 RPS Filing, and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Company and all respondents.

(17) On or before January 28, 2021, Dominion shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy of its rebuttal testimony and exhibits on the Staff and all respondents.

(18) Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully

with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(19) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within five (5) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.⁶² Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

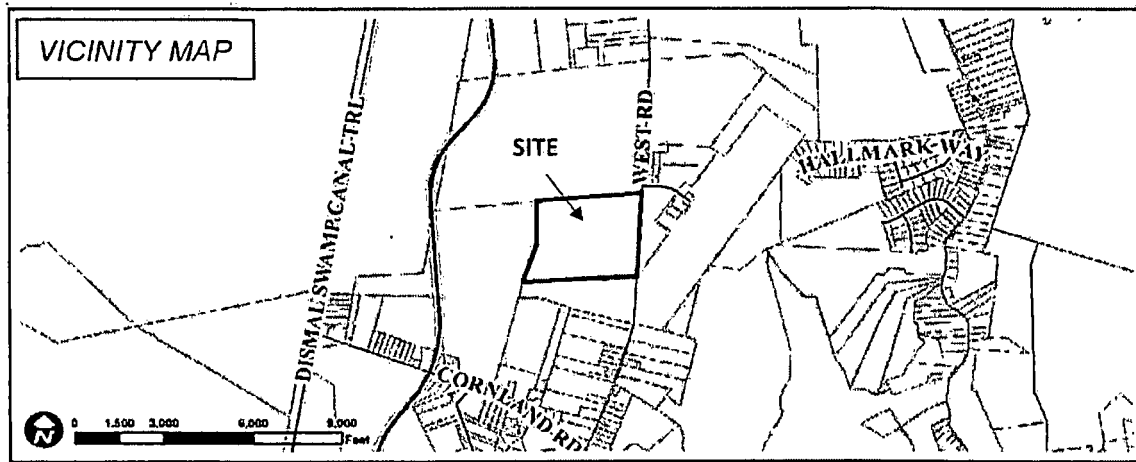
(20) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

⁶² The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2020-00134 in the appropriate box.

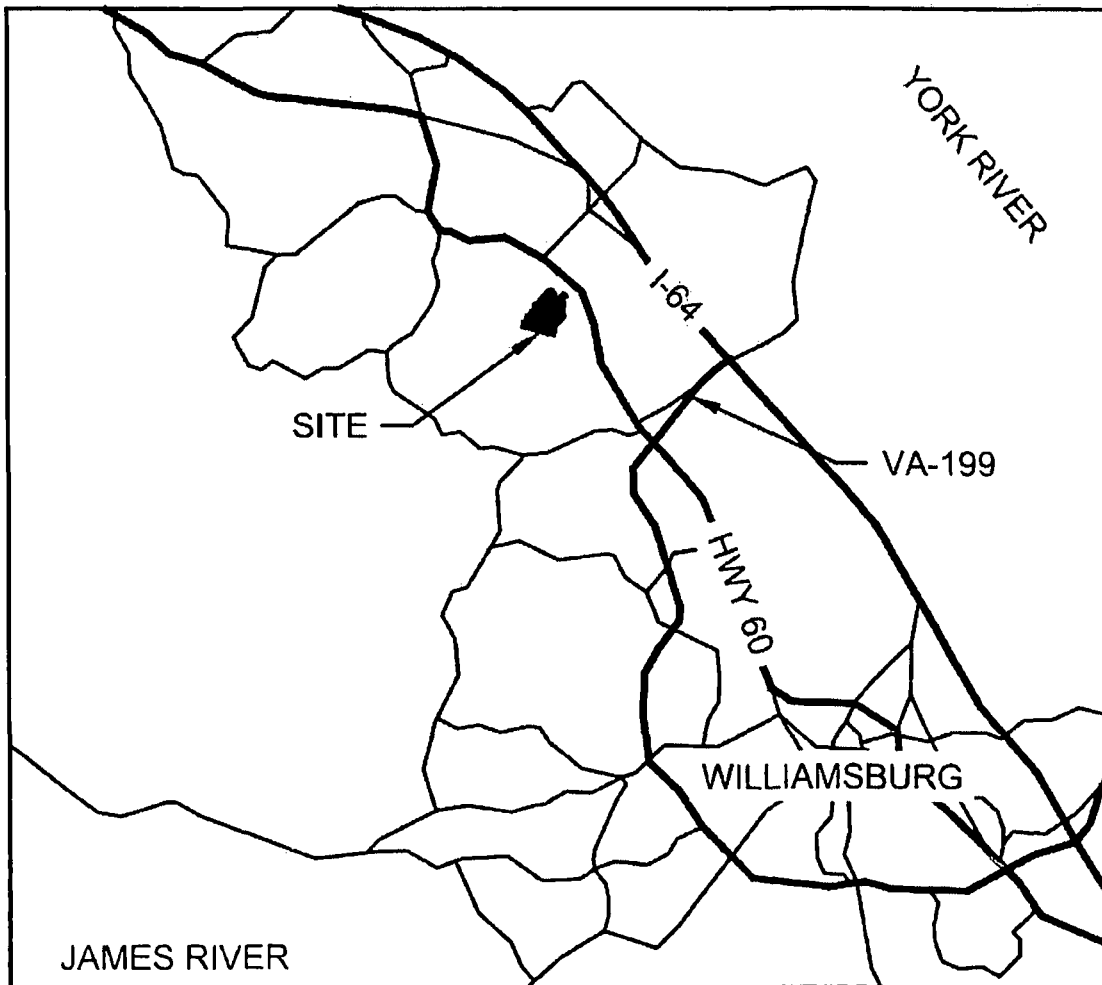
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Grassfield Solar Project



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Norge Solar Project



VICINITY MAP

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Sycamore Solar Project

